

Message Text

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TO NASA

C O N F I D E N T I A L STATE 264218

LIMDIS

FOLLOWING REPEAT TANANARIVE 1710 ACTION SECSTATE INFO PARIS DTD 26
OCT 76.

QUOTE: C O N F I D E N T I A L TANANARIVE 1710

LIMDIS

E.O. 11652:GDS

TAGS: PDIP, US, MA

SUBJECT: WHAT PRICE IMPROVED US-GDRM RELATIONS?

REFS: (A) STATE 259828, (B) TANA 1709, (C) TANA 1678, (D) TANA 1707
(E) TANA 1626

1. NOW THAT GDRM HAS MADE EXPLICIT OVERTURE TO IMPROVING
RELATIONS BY MEANS OF SETTLING NASA ISSUE, WE SHOULD REVIEW
OUR BASIC OBJECTIVES. IN THIS EMBASSY'S EYES, THEY ARE:

(A) NORMAL RELATIONS, INCLUDING:

(1) RESOLIUTION OF NASA ISSUE;

(2) SATISFACTORY COMPENSATION FOR OIL COMPANY
NATIONALIZATIONS;
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(3) REMOVAL OF IRRITANTS, SUCH AS ANTI-US BIAS OF
GDRM-CONTROLLED MEDIA;

(4) EXCHANGE OF AMBASSADORS.

(B) CONTINUATION OF OUR EFFORTS TO MAINTAIN THE GOOD-
WILL OF THE MALAGASY PEOPLE, MOST OF WHOM ARE NOT UNFRIENDLY
TO THE US;

(C) SLOWING DOWN OF COMMUNIST COUNTRIES'
INFLUENCE ON
THE GDRM; AND

(D) SOME COMMERCIAL BENEFITS.

2. RE LAST SENTENCE PARA 4 REF (A), THESE ARE
ACTIONS GDRM CAN OR MIGHT TAKE RE:

(A) NASA EQUIPMENT. INFERRING FROM SOLOFOSON'S STATEMENTS
(REF B), GDRM DOES NOT REFUTE OUR CONTENTION THAT
EQUIPMENT REMAINS USG PROPERTY, EVEN IF GDRM HAS NEVER
REPLIED TO OUR NOTES. TO REFUTE OUR CONTENTION, GDRM WOULD
IN EFFECT HAVE DECLARED JXPROPRIATION OF OUR PROPERTY AND
SOLOFOSON SPECIFICALLY STATED THAT THIS NOT THEIR INTENTION.
HE ADDED THAT WE COULD RECOVER WHATEVER WE WANT AS PART OF
NEGOTIATED SETTLEMENT. WE MUST ASSUME THAT EQUIPMENT WILL
NEVER BE RELEASED UNTIL SETTLEMENT IS REACHED, BUT THEY COULD
GRANT US LIMITED ACCESS TO RECOVER MISCELLANEOUS ITEMS NOTED
REF B.

(B) INDEMNIFICATION FOR OIL COMPANY NATIONALIZATIONS.
THIS ISSUE HAS NOT YET ENTERED INTO FRAMEWORK OF RESOLVING
NASA ISSUE AND IT IS DIFFICULT TO PREDICT WHAT ULTIMATE
OUTCOME WILL BE. MINISTER OF ECONOMY (REF D) COULD
NOT PROVIDE ANY CLEAR INSIGHTS INTO ULTIMATE OUTCOME. HOWEVER,
SINCE MATTER OF FINES ON OIL COMPANIES WILL BE HANDLED BY
MINISTER OF FINANCE, WHO RETURNED THIS PAST WEEKEND FROM
MONTH'S ABSENCE, I HAVE REQUESTED URGENT MEETING WITH HIM
TO SOUND HIM OUT. MORE THAN LIKELY, ALL SHOTS WILL
NONETHELESS BE CALLED BY RATSIRAKA AND SUPREME REVOLUTIONARY
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COUNCIL, YET WE SHOULD TIE IN INDEMNIFICATIONS (TERM PREFERRED
BY MALAGASY TO COMPENSATION) WITH NASA ISSUE AND CURRENT
GDRM INTEREST IN RESTORING NORMAL RELATIONS. UNLESS DEPART-
MENT FEELS OTHERWISE, I WILL PURSUE MATTER WITH MINISTER
OF FIANCE.

(C) IMPROVEMENTS IN TONE OF MEDIA. WHILE THIS QUESTION
IS NOT FULLY RESOLVED, SITUATION IS SOMEWHA BETTER. OF

CURRENT IMPORTANCE, HOWEVER, IS MATTER OF EMBASSY SURVEILLANCE. I NOTED TO SOLOFOSON OCT 21 THAT END OF SURVEILLANCE WUOULD REFLECT BETTER OVERALL GDRM ATTITUDE TOWARD US AND PROVIDE CONCRETE INDICATION OF ITS INTEREST IN BETTER RELATIONS.

3. IF WE ARE ABLE TO ENTER NEGOTIATIONS WITH GDRM OVER STATUS OF NASA STATION, WE MUST BE PREPARED TO REACH SOME COMPROMISE FROM WHICH RATSIRAKA WILL WISH TO MAXIMIZE PUBLICITY. HE MAY EXAGGERATE BENEFITS TO GDRM OF SUCH SETTLEMENT, IN ORDER TO SATISFY HIS DOMESTIC NEEDS, BUT THIS MAY NOT BE DIFFICULT FOR US TO ACCEPT NOR HARMFUL TO OUR INTERESTS.

3. WE THEREFORE MUST ASSUME THAT RATSIRAKA WILL ESTABLISH SOME CASE VALUE TO THE SETTLEMENT, WHETHER OR NOT THIS MEANS ANY ACTUAL CASH PAYMENT. JUDGING FROM SOLOFOSON'S OBSERVATIOONS (REF B), GDRM MAY BE ASSUMING THAT WE ARE PREPARED TO TURN OVER THOSE NASA ASSETS WHICH WE DO NOT WISH TO REPATRIATE. IF GDRM IS REASONABLE, SOMETHING WHICH WE CANNOT AUTOMATICALLY ASSUME, THOSE ASSETS MAY BE SUBSTANTIAL ENOUGH AND COULD BE HANDLED IN SUCH A WAY AS TO SATISFY RATSIRAKA'S DOMESTIC POLITICAL CONSIDERATIONS. AT SAME TIME, THEY MIGHT NOT COST US ANYTHING WE WERE NOT PLANNING TO LEAVE BEHIND ANYWAY (BUILDINGS, OLD VEHICLES, OFFICE EQUIPMENT, SUPPLIES, ETC.).

4. GDRM WILL, HOWEVER, MOST LIKELY SEEK SOME ACTUAL CASH PAYMENT. AGAIN, JUDGING FROM SOLOFOSON'S COMMENTS (REF B), THEY MAY INSIST THAT SINCE THERE HAD BEEN TENTATIVE US AGREEMENT TO GEGIN PAYING RENT FROM 1973 ON, WE HAVE TACITLY ACCEPTED PRINCIPLE AND THAT THIS REMAINS UNRESOLVED MATTER INASMUCH AS THERE IS NO SIGNED AGREEMENT COVERING PERIOD 1073-75. HOW MUCH THEY WILL DEMAND IS HARD TO GUESS, CONFIDENTIAL

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PERHAPS AS STARTING POINT ONE MILLION DOLLARS PER YEAR WHICH EQUALS THEIR ORIGINAL DEMANDS. SINCE IN 1973 WE HAD AGREED, IN ABORTED US-GDRM NEGOTIATIONS, TO PAY \$100,000 PER YEAR, QUESTION IS WHETHER WE WOULD STILL AGREE TO PAY LATTER AMOUNT IN ORDER TO RESTORE NORMAL RELATIONS, ASSUMING OTHER UNSETTLED MATTERS ARE RESOLVED AND GDRM CEASES ITS STRIDENCY VIS-A-VIS US INTERESTS. AS NOTED REFS B AND C, I HAVE STRESSED TO SOLOFOSON THAT, AS OF MY DEPARTURE FROM WASHINGTON A YEAR AGO, WE WOULD NOT PAY ANYTHING FOR WHAT LEGALLY BELONGS TO US. NONETHELESS, IF WE ARE SEEKING TO OBTAIN MORE LEVERAGE ON OFFICIAL MALAGASY ATTITUDES TOWARD US OR REGARDING INTERNATIONAL ISSUES, WE MUST DETERMINE HOW FAR WE ARE WILLING TO GO.

5. SINCE MALAGASY HAVE BROUGHT QUESTION OF HERCULES

PURCHASE INTO THESE CONSIDERATIONS, WE MUST CONSIDER LEVERAGE OFFERED BY POSSIBLE EXIM BANK FINANCING, NEED FOR EXPORT LICENSE, AND FACT THAT RATSIRAKA PERSONALLY DESIRES THIS AIRCRAFT. SINCE THIS AIRCRAFT WOULD NOT BE DELIVERED FOR ANOTHER YEAR, AND IF BY THAT TIME GDRM'S ATTITUDE TOWARD USG HAS NOT IMPROVED, WE COULD EASILY PREVENT EXPORT OF THE AIRCRAFT AS WE DID WITH C-130S DESTINED FOR LIBYA. IF, ON THE OTHER HAND, GDRM'S ATTITUDE DOES IMPROVE AND THERE HAVE BEEN NO ADDITIONAL INDICATIONS THAT IT PLANS TO USE AIRCRAFT FOR NEFARIOUS PURPOSES, ISSUANCE OF EXPORT LICENSE MIGHT GO LONG WAY TOWARD IMPROVING RELATIOONS WITHOUT JEOPARDIZING OVERALL USG INTERESTS. IN THAT REGARD, WE HAVE NOT YET RECEIVED REPLY FROM WASHINGTON TO REF E RE OUR ABILITY TO HAMPER USE OF AIRCRAFT AFTER DELIVERY IF BILATERAL RELATIONS ONCE AGAIN TURN SOUR OR IF AIRCRAFT IS BEING USED FOR PURPOSES INIMICAL TO OUR INTERESTS.

6. IN THE END, WE MUST RECOGNIZE RATSIRAKA'S UNRELIABILITY. HE IS NOT SO SECURE IN THE SEAT OF POWER THAT ONE CAN PREDICT ALL OF HIS ACTIONS. MOREOVER, AFTER HE GETS WHAT HE WANTS FROM US, HE MAY TREAT US MUCH LIKE HE DOES THE FRENCH: HE GETS THEIR POUND OF FLESH THROUGH THE UNDIMINISHED FRENCH AID PROGRAM HERE, YET GDRM-CONTROLLED MEDIA VILIFY FRENCH ON VARIOUS ISSUES AND GDRM HAMPERS INTERESTS OF LOCAL FRENCH BUSINESSMEN. HOWEVER, IF RATSIRAKA SINCERELY WISHES TO PUT HIS FOREIGN POLICY INTO BETTER BALANCE, CONFIDENTIAL

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WE SHOULD NOT GIVE HIM CAUSE TO CLAIM THAT WE TURNED OUR BACKS ON HIM WHEN HE SOUGHT TO RESOLVE OUR DIFFERENCES.SHEINBAUM UNQUOTE KISSINGER

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